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AMZ Transport Business Plan

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AMZ Transport Business Plan

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1 Executive summary

Today Amazon FBA Sellers are frustrated on a regular basis. They browse around the web in search for cheaper freight rates and reliable freight forwarders by manually filling out Request-for-Quote forms, and having longer email exchanges sent back and forth to the freight forwarder.

AMZtransport.com is an online service that matches Amazon FBA sellers with Amazon specialized freight forwarders around the world. The unique platform aggregates prices from multiple vetted freight forwarders and provides multiple quotes instantly upon search. The shippers are able to book freight immediately from the freight forwarders they prefer and can filter the results based on price, mode of transportation and freight forwarder rating.

The total addressable market size of Amazon shippers is \$5.54Bn. The number will continue to increase as Amazon grows and the number of FBA sellers.

Because the distribution of the services is conducted through internet, the margins for the product are very attractive.

The company will be managed by the founder. The founder is an ambitious student who has a wide background. He holds degrees in oil and gas, and finance, and has also established networks in these areas. He is currently taking a master's degree in Finance at NOVA SBE, while working full time with a company called FBA Transport. State institutions have already given their approval of the pilot project and are excited about.

2 Company Background and Overview

2.1 The Team

The Founder

Formal Background:

<u>Education</u>	<u>Work Experience</u>
<ul style="list-style-type: none">• University of Stavanger - BSc in Petroleum Engineering• LSE - Summer Exchange Student• NOVA SBE - MSc in Finance	<ul style="list-style-type: none">• British Petroleum - Borehole Integrity• Yellow Pages - B2B Sales• NASA Ames Research Center/Mars Institute - Business Development

Domain Expertise and Unique Insights

Mose has worked both as an Amazon seller and as an Amazon specialized forwarder. He can therefore relate to both customer segments and provide credible insight into their emotions, pain, needs and wants. He started out as an Amazon seller and came across the opportunity to work as a freight forwarder when he saw how the industry lacked transparency. He could easily make margins of 100% on top of other freight forwarders' margins on sea shipments. After having worked as a freight forwarder for about 5 months he understood how time consuming it was to deal with all the manual work freight forwarders undergo on a daily basis, and all the disappointment that could come with it. There had to be a better way.

Luckily for him he inherited a curse from his mother. Whenever he sees an opportunity and it starts to tingle in his stomach, If the opportunity is great enough, he will become obsessed and revolve his whole life around taking advantage of the opportunity. What started as an opportunity to make margins in the intransparent market by being a part of the problem, has

turned into a mission to disrupt the industry and grab the problem by its neck. What's being solved by AMZ Transport is all the complexity that goes into moving products from any place on planet earth to Amazon warehouses worldwide.

Who else is needed

The company will need to continuously improve the homepage UI, UX, the search engine and extract insight from all the data that gets generated. At the current phase, the the founder can easily manage the company by utilizing his knowledge about marketing, and data analysis. The remaining task can be outsourced to some of the contacts established in India. As the company grows it will need to hire permanent employees in order to continue the growth The following personas will be needed:

- In-house Software Developer
- Data Scientist
- Communication and brand ambassador

Additionally, the company will need sparring partners for major business decisions such as fundraising, business model pivots, strategic planning etc. These will preferably be board members with business experience who have working knowledge growing a company from start to exit.

2.2 Company Structure

AMZ Transport will be incorporated in Norway as a limited liability company and all the outstanding equity will be owned by the founder, Mose Gebreselassie.

The company structure will get altered as the company grows. The restructuring will be an easy process as the company don't hold any physical assets.

2.3 Vision & Mission

In order for the company to become a leader and a pioneer in the freight automation sphere, it will need to convey a clear and concise message about its wants and what it impictures for the future in order to have something to strive for on a daily basis. A strong culture will enable the company to breath and truly live out the vision in all aspects of its business.

Vision

The best place to find and book freight

Mission

Make Freight Planning Simple

3 Opportunity and market analysis

The process of moving goods internationally is inherently complex. It so complex that there is no company big enough to move a freight shipment all the way from origin to its destination. Just to move a single pallet of goods there is going to be hands-off between about 6-7 companies on a single shipment. The coordination of the ocean liners, Airlines, Trucking companies and customs brokers requires precision and regulatory knowledge in the country of origin and destination country. Small mistakes can lead to both coercive fines and confiscation of the products by regulatory authorities. This can prove lethal to any business.

This is why most companies rely on a trillion dollar freight forwarder industry to coordinate their shipments. The freight forwarders usually have an established network of ocean liners, airlines, rail and trucking companies. Outsourcing the shipment process to a Freight Forwarder is usually less costly, less time consuming and less risky than coordinating a shipment yourself.

The communication between a freight forwarder and a shipper is usually conducted over email, phone and fax. As the shipper and the forwarder usually live in different time zones the

process is usually slow. According to Freightos' CEO, Zvi Schreiber, it takes on average about 3 days to get a price quote on a shipment (Freightos, 2016). For new shippers it can take even longer as vital information might be missing in the initial inquiry. With more than 100.000 freight forwarders around the world, finding the best freight forwarder to handle a shipment is practically impossible.

3.1 Opportunity

Freight is in its purest form a commodity in high demand. Shippers want their goods moved safely from point A to point B as quickly and cheaply as possible. With little transparency and more than 100.000 freight forwarders around the world, the process of picking the right freight forwarder to handle a shipment is time consuming and impractical.

For Amazon sellers an additional challenge occurs as they will need the product packages labeled and packed to comply with Amazon's TOS. Shipping the products home prior to shipping to Amazon will add additional cost that needs to be avoided to stay competitive.

For a freight forwarder the world does not look that different when it comes to the level of frustration that the segment feel. It is highly daunting to cater potential clients for days, without having any guarantee that the inquirer will use a service. Although it is well paid, is still valuable time that could have been spent on marketing, process improvement or catering inquirers that actually ends up paying. Below are the main problems facing Chinese freight forwarders and Amazon sellers:

Daily Problems of a chinese freight forwarder:

Time:

- Wasted time providing manual quotes to new shippers on a case by case basis
- Wasted time on email exchanges with shippers that already have a better offer

- Wasted time looking up words in english

Cost:

- High advertising cost due to huge competition
- Lack of negotiation tools except for price, due to fierce competitive market in China

Marketing:

- Gaining trust with non-chinese Amazon sellers
- Lack of english command making the marketing efforts harder

Problems of Amazon FBA Sellers:

Wasted Time:

- Searching for freight forwarders to handle a shipment
- Filling out multiple request-for-quote forms on different freight forwarder's websites
- Sending emails back and forth with freight forwarders located in a different time zone
- Analysing dozens of different price structures for package prepping

Security:

- No ability to assess the freight forwarder's reliability and performance
- Difficult to vett the freight forwarder's authenticity, due to language barriers
- No ability to assess freight forwarder's knowledge about Amazon's TOS

Transparency:

- Hidden charges with no consequences for the Freight Forwarder

- Difficult to estimate shipping costs before ordering a product since Amazon provides the destination address when you supply them with the shipment details
- No ability to compare all price rates for a shipment, making Amazon sellers paying a premium for convenience

Cost:

- Jungle of middlemen with no added value, making freight rates vary with until 100%

Society:

- Increased cost for medicine, food and other basic necessities
- Increased cost for computers, pensum literature and other school supply
- Increased cost for components used for chemicals, civil and manufacturing
- Inefficient allocation of resources on the planet

3.2 Market Context

FBA seller segment

Amazon is growing at a rapid pace, and has for the past decade. In 2016 alone, Amazon grew its net sales revenue generated through its ecommerce platform with 27.1%.

The FBA seller segment has seen an even more rapid growth than that of Amazon. Active

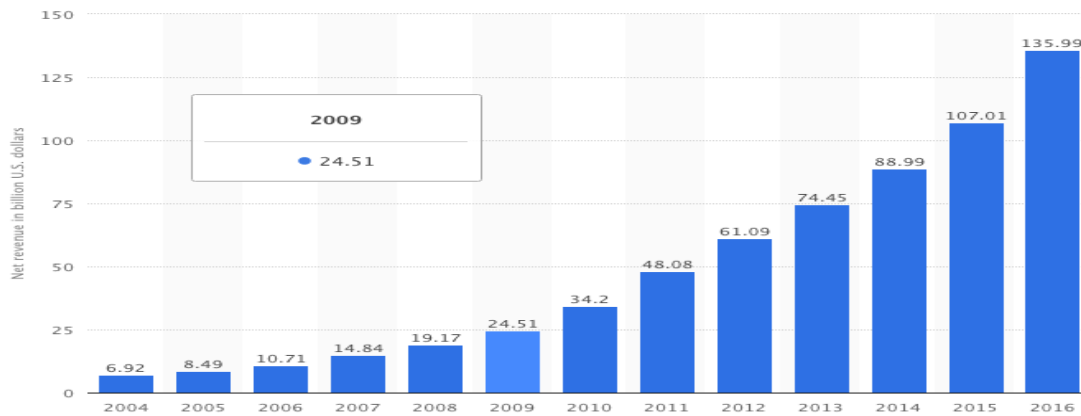


Figure 1

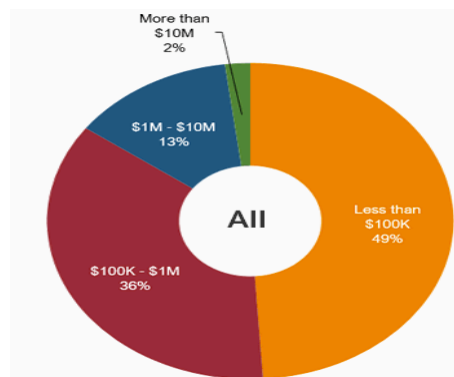


Figure 2

1

sellers using the fulfillment network rose with impressive 70 percent in the year 2016.

(Reuters, 2017)

The revenue generated by 3rd party sellers on Amazon's platform was also record breaking with more than 50% of all FBA sellers making at least \$100k in sales according to a survey conducted by webretailer's of over 1500 Amazon sellers²

Freight Market

The freight market, which has habitually been a traditional market, has lately been experiencing the effect of the ongoing global digitalization. Just in the last seven years, many

¹ Figure 1: <https://www.statista.com/statistics/266282/annual-net-revenue-of-amazoncom/>

² Figure 2: <http://www.webretailer.com/lean-commerce/amazon-sellers-survey-2016/#/>

new market entrants have entered in an attempt to disrupt the freight industry by making it more transparent. (Smith, 2016)

Companies such as Xeneta, Flexport and Freightos are just some examples, and the growth in daily unique visitors testifies that they are grabbing many people's attention (See Appendix 4)

The huge changes that the industry is facing together with the growth of global trade and e-commerce will create huge opportunities for companies that know how to take advantage of them.

3.3 Customer Segments

There are two customer segments:

- Amazon FBA Sellers
- Freight Forwarders

3.4 Total Addressable Market

Market Sizing

The primary market for AMZ Transport will be Amazon FBA sellers and freight forwarders who can handle FBA shipments.

According to a report from RW Baird, cited on Techcrunch, the number of Amazon sellers is about 2 million. (Perez, 2015) We obtain the total addressable market by finding the share of Amazon sellers that are FBA sellers that import products and that feel a pain. According to the survey conducted (see appendix 3), the share of FBA sellers is 86%, the share of FBA sellers that import their products is 88.4% and the share of FBA sellers that import their products that feels a pain is 90.3%. The total addressable market therefore consists of $2M * 86% * 88.4% * 90.3% = 1.37M$ FBA Sellers.

The first year AMZ Transport will mainly focus on imports from China. The size of the total addressable market in the first year is therefore, $94.7\% \times 86.1\% \times 1.37M = 1.12M$, which is the share of FBA Sellers that import their products from China using an American freight forwarder. Chinese freight forwarders are in some cases very competitive in their pricing, which is why they have been excluded in the study in to make the results conservative.

According to the shipments of FBA Transport(Appendix 6) the share of air shipments is 61.5% and the share of sea shipments is 38.5%, while the average shipment size is 188Kg by air and 10.7cbm by sea. For simplification we will assume that all the shipments are of equal size and that the sales price is the lowest price quote provided by any of the freight forwarders contacted for a quote(Appendix 6), when estimating the total addressable market size. If we are conservative and estimate that each seller only has 3 shipment yearly the total addressable market size is $3 \times 1.12M(38.5\% \times \$2418.2 + 61.5\% \times \$1165.6) = \$5.54B$

Estimation errors

The estimations made might have some errors due to the following:

- The sample size used in the survey was small
- The average shipment size might be biased towards new sellers, since FBA Transport is a new company that has mainly attracted new Amazon FBA sellers
- The number of yearly shipments might vary depending on the mode of transportation
- Only members of one Amazon seller group were invited to take the survey

3.5 Future Markets

Future target markets will be Amazon sellers with manufacturers in countries different from China, and the freight forwarders located in these respective countries

4 Solution and concept

4.1 Description of Service

AMZtransport.com is an online service that matches Amazon FBA sellers with freight forwarders around the world, with Amazon working knowledge. The unique platform aggregates prices from multiple vetted freight forwarders and provides multiple quotes instantly upon search. The shippers are able to book freight immediately from the freight forwarders they prefer and can filter the results based on price, mode of transportation, freight forwarder rating. These are the services ranked in the order of highest margin:

1. Sea Freight
2. Air Freight
3. Air Express
4. Product Inspection
5. Product Labelling

4.2 Platform Benefits

Amazon Sellers will be attracted to the site because of several key value propositions addressing the major pain points associated with finding a freight forwarder

Time

- ***Complete hands-off approach:*** The whole supply chain is taken care of from door to door
- ***Quote on demand:*** No need to wait several days to receive a quote. The platform enables shippers to see current market rates instantly
- ***Multiple quotes:*** Fill out one request quote form and get multiple price quotes within seconds. Instead of filling multiple request quote forms to compare prices, Amazon sellers

can now compare prices and offerings from multiple freight forwarder by only filling out one single request quote form

Security

- ***Review system:*** Allowing Amazon sellers to screen the freight forwarder by reading customer reviews before booking
- ***Vetted Freight Forwarders:*** The customer can feel secure about the authenticity of the freight forwarders
- ***Amazon specialized Freight Forwarders:*** Only Freight Forwarders with experience shipping to Amazon will be allowed onto the platform. This allows for 100% Amazon compliant shipments

Cost

- ***Price competition:*** Making freight forwarders lower their prices
- ***Price comparison:*** Shippers can filter the quotes by price and get the best offer in the market
- ***No middlemen:*** The system's nature will not appeal to freight forwarders that overprice with no added value

Other Value Added Services

Free resources

- ***Blog:*** Tips for Amazon FBA sellers regarding marketing, negotiation with su
- ***Product sales estimator tool:*** Tool for estimating competitor sales on Amazon

Freight Forwarders will be attracted because of several key value propositions:

Time:

- ***Buy-Ready Customer:*** No message exchanges prior to order
- ***Passive Marketing:*** The Freight Forwarder can quote an unlimited number of potential clients 24/7 without any extra effort

Costs:

- ***Free advertising:*** Zero upfront investment risk. The costs are only incurred after each transaction

4.3 Day in the life

Amazon seller

Jon Doe's supplier has just finished the production of 7000 units of fidget spinners. He contacts his freight forwarder and receives a quote that is slightly lower than what he received before. His only problem now is that he is running out of inventory and needs to ship the products within 24 hours, to make sure he makes it. If not his ranking on AMazon will be severely punished. He therefore decides to just go ahead and order with the Freight Forwarder. If Jon would have used AMZ Transport's platform he would have been able to instantly compare his quote with that of other forwarders. This could potentially save him 50% in shipping costs.

Lisa has found a Chinese freight forwarder online and compared their quote to local freight forwarder in the US. She has been offered a very good price but is unsure whether the freight forwarder will be able to label the cartons in a manner that fully complies with Amazon's TOS. The price is too good to resist, and she finally agrees to go with the offer of the Chinese freight forwarder. To days after payment she starts to worry since she hasn't received any tracking number. Another four days go, before she emails the freight forwarder requesting the

tracking number. She never receives any reply and lost all her inventory in addition to the payment for the shipment. Had she used AMZ Transport's platform, she could have filtered the Freight Forwarders based on reviews from people who had used them before her. She would also have been able to reduce her costs.

Freight Forwarder

May Cheng works as a Freight Forwarder at China Logistics. She has been extremely busy the last couple of days answering emails from inquirers and new AMazon sellers asking for guidance about packaging. She writes about 45 emails a day, answering questions of inquirers. She has no time to properly answer all of the inquiries she receives on a daily basis and prioritize which inquiries to respond to based on the potential earnings. Most of the inquiries do not convert into sale. She wish she could predict which one would so she wouldn't have wasted time answering the inquirers that don't convert. Had she been using AMZ Transport's platform, she would not have to predict anything. Instead she could have focused on what she knows best, logistics management. She would only receive inquiries from buy ready shippers that have made a booking.

4.4 Customer Validation

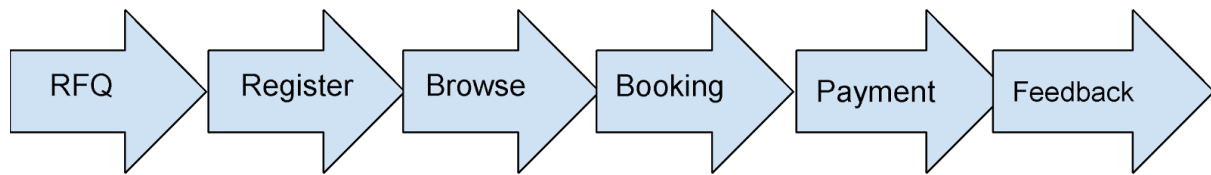
Our survey shows that sellers would be happy to book freight through a freight rate aggregator with a review system if the prices were competitive(Appendix 3)

4.5 Business Process

The business process on AMZTransport.com is very simple. The process can be divided into the following two sub categories:

1. Buying Process
2. Selling Process

Buying Process:



RFQ

To request a quote on amztransport.com one has to fill out a simple form on the front page. The form asks for the relevant shipment details needed to provide a quotation. The form is easy to fill in and covers all services needed by Amazon sellers

Registration

The user is forwarded to a registration form. To browse through the shipment offerings one must be a registered user. The registration process is fast easy and free. As a registered user, one can browse freely among different freight quotes when logged in.

The registration involves the following two steps:

1. User information:

- First and Last Name
- Email address
- Password
- Where did you first hear about amztransport.com?

2. Email verification

Browse

Browsing is clicking through lists of prices from multiple freight forwarders, until they find an offer that they are satisfied with. The user can simply filter through the offers to reduce noise and only see relevant offers.

The user will be able to filter on the following metrics:

- Mode of Transportation
- Price
- Freight Forwarder Rating

Book

When the user has found an attractive offer the shipper can book his or her shipment and pay an initial deposit, which will equal AMZ Transport's commission.

Payment

After the goods have been picked up and remeasured, a final invoice will be provided to the user. An email notification will be sent to the user with a link to log onto the platform to make the payment.

Listed below are the payment methods that will be available on the platform:

- Transferwise
- Visa Checkout
- Paypal

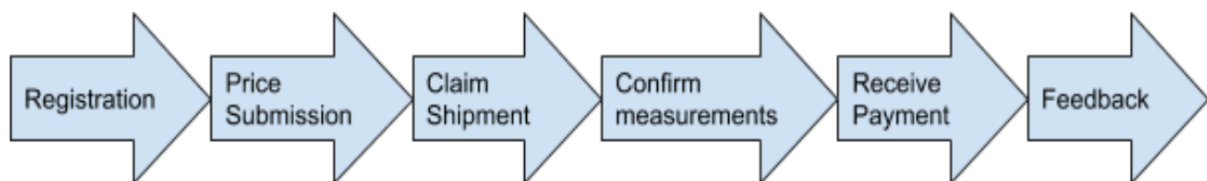
Feedback

Feedback is made up of comments and ratings left by shippers who have made a shipment through the platform. Once the Shipper receives his or her shipment, it is time to leave feedback on the freight forwarder to share his or her experience with future shippers.

Type of information typically included in the feedback is:

- Satisfaction with freight forwarder
- Quality of Shipping Route
- Satisfaction with AMZTransport.com's support throughout the process
- Satisfaction with the platform

Selling Process:



Registration

Before being able to sell freight services, the freight forwarders are required to fill out an initial form and upload official company certificate.

Price Submission

To provide a quote on AMZTransport.com the freight forwarder has to submit several price matrix for the different offers provided. The price matrix has weight ranges along the x-axis, destination provinces/countries along the y-axis, and prices along the z-axis. The price table will be online immediately.

Claim Shipment

The freight forwarder has 24 hours to claim the shipment before the shipment will get cancelled.

Confirm Measurements

The freight forwarder will confirm the shipment details such as carton weight and dimensions upon reception of the goods. If the shipment details change the price will be adjusted

according to the price matrix. Any discrepancy between the shipment measurements of the freight forwarder and the carrier will be taken seriously and can lead to a ban

Receive Payment

The freight forwarder receives the payment upon providing a tracking code

Feedback

Feedback is made up of comments and ratings left by shippers who have made a shipment through the platform. Once the Shipper receives his or her shipment, it is time to leave feedback on the freight forwarder and the mode of Transportation, letting future Shippers know about his or her experience.

Type of information typically included in the feedback requests are:

- Satisfaction with AMZ Transport support throughout the process
- Satisfaction with the platform
- Satisfaction with the Freight Forwarder/Shipper
- Free Text

4.6 Economic Model

The business model is based on commission and margins on each transaction. The platform will be free to use for both shippers and freight forwarders.

Data will be collected and analyzed continuously as insight brought from the data can open new doors for value creation for both customer segments, and potentially become another revenue stream.

Table 1

UPFRONT INVESTMENT (NONRECURRING	SALES INDEPENDENT (FIXED COST)	INCREASING WITH USAGE (SEMI- VARIABLE)	REVENUES
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COST)			
<ul style="list-style-type: none"> - Homepage Design - Web Design - Payment Gateway Setup 	<ul style="list-style-type: none"> - Domain - Hosting - Advertising - Platform Development - Forwarder Summits 	<ul style="list-style-type: none"> - Support Line (Email and Chat) - CRM system - Analytics Tools 	<ul style="list-style-type: none"> - Freight transaction (commission) - Insurance (Margin) - Product Inspection (Margin)

The margin and commission rate will initially be calibrated to maximize revenue.

4.7 Barriers to Entry

As the business moves forward and the transaction amount and user base grows, the margin rate will be decreased. This is a tactic that will be put forth to create a barrier to entry.

Furthermore the platform and the technology will constantly be improved upon to make it difficult for competitors to compete with the platform.

Effort will be put in to change the revenue model to not conflict with the interests of the user segments. With a huge user base it should become viable to generate revenue by providing insight to the freight forwarders from the data collected.

For smaller players and late entrants, these moves should make it less enticing to enter the market. It will take time to scale up a user base that will allow the business to become competitive on pricing. The costs associated with creating a comparable platform will also become substantial.

5 Marketing strategy and Channels

5.1 Hypothesized appropriate Marketing Channels

The channels labeled as appropriate for Amazon sellers are the channels that were used when the founder marketed FBA Transport. The hypothesis will be tested as outlined in chapter 5.4 The channels will continuously get altered in order to put effort into the most efficient

channels to reach the different customer segments.

The experimentation will initiate when the beta version of the platform is setup.

5.2 Partnerships

AMZ Transport wants JungleScout and Scott Voelker, two huge influencers, to recommend the platform to their members. Working with these

companies should increase the company's exposure in political news stories and international media. Partnerships have already been established with the companies in table 3.

Amazon Sellers:	Freight Forwarders:
Search Engines	Search Engines
Social Media	Direct Emails
Online Media	Direct Phone Calls
Forums	Summits
Influencers	Online News Outlets
Homepage	

Table 2

Aimasteroid	FBAImage	Pro-FBA-Images
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Table 3

5.3 Distribution channels

The website will be the main distribution channel for the service. Affiliate partners will also have the option to place the search engine on on their homepage, and receive a commission for each sale generated.

5.4 Advertisement

The web and social media are two effective channels to attract Amazon sellers. Branding and advertising the name AMZ Transport and the concept will be done through websites, social media and summits. The advertising efforts will primarily be focused on the web, as it is relatively easy to judge the effectiveness accurately, almost instantly. Table 4 below shows the channels that will be used for digital advertisement.

Social Media	Search Engine	Word of Mouth	Partnerships	Website
Facebook Ads	Google	Referral Commission	Affiliates	Storytelling
Reddit Ads	Yahoo	Social Currency		Free resources
Youtube	Bing			
Blogs				
Quora				
Podcasts				

Table 4

Advertising method

The advertising efforts will be divided into 3 stages as shown below.

Stage	Purpose	Effort Amazon Sellers	Effort Freight forwarders
A. Pilot	<i>Improve service and business model</i>	<ul style="list-style-type: none"> - Invite AMZ Transport's customers to test platform - Conduct survey - Analyze user behaviour - Optimize platform - Optimize business model 	<ul style="list-style-type: none"> - Invite AMZ Transport's Freight Forwarders to test platform - Conduct surveys of the users - Analyze user behaviour - Optimize platform - Optimize business model
B. Growth Hacking	<i>Obtain an algorithm for growth</i>	<ul style="list-style-type: none"> - Analyze each step of the sales funnel(see table 5) - Conduct marketing experiments on the one metric that matters - Improve that one metric - Repeat until the difference between the pivots are negligible 	<ul style="list-style-type: none"> - Analyze each step of the sales funnel(see table 5) - Conduct marketing experiments on the one metric that matters - Improve that one metric - Repeat until the difference between the pivots are negligible
C. Full Scale	<i>Virality</i>	<ul style="list-style-type: none"> - Contact Influencers - Contact bloggers - Direct Email Campaigns 	<ul style="list-style-type: none"> - Contact online news outlets - Direct Email campaign - Direct phone campaign

Table 5

In the second stage the Amazon seller customer segment will go through the following five steps to find the one metric that matters the most(OMTM) for growth.

Steps	Appropriate Questions	Definition	Measurement metric
1. Awareness	How to get people to visit website	Website Visits	Weekly visitors
2. Acquisition	How many are doing that first action	Search for quote	Subscribers
3. Activation	How user experience is measured	Sales conversion	Number of freight booking/visitor
4. Retention	How to ensure returning users	Satisfaction	Feedback Rating
5. Referrals	How do we create artificial virality	Referrals	Number of referrals

Table 6

To improve the OMTM several experiments will be conducted, and the effectiveness measured using experiment sheet(see appendix 7). When the OMTM is improved the process will be repeated until the difference in pivots are negligible.

6 Risks

6.1 Key Development Risks and Dependencies

Predicting obstacles that might arise is difficult but important. Although not all possible scenarios are possible to predict, it is important to have some prevention measures for those scenarios one imagines could happen to stay prepared. Appendix 8 outlines all scenarios that might arise.

6.2 Competitors and Differentiation

The competition analysis (look at Appendix 1) states out that competition in the target market can be divided into two main categories: Marketplaces and Amazon Specialized Forwarders. Potential competitors are also relevant as these might become a major threat to the initial business model.

Marketplaces

Freightos: Provides an instant quote system similar to that of AMZ Transport. The major difference is that the Freightos marketplace is not tailored towards Amazon sellers. Additionally, the platform is struggling with many freight forwarder receiving poor reviews. Lastly, the prices are pretty high, and the freight forwarders on the platform do not provide market leading price rates, although they are competitive.

Tryfleet: A bidding platform, where Freight Forwarders can bid on the freight of shippers. The platform does not focus on Amazon sellers and is not fully optimized for Amazon sellers.

Amazon Specialized Forwarders

This sphere is full of players. The five companies that sticks out are FBA Forward, Shapiro, AMZ Transit, Fbaprep and FBA Transport. These act as intermediaries between Amazon sellers and local freight forwarders abroad. The profit is made on margins and prep services provided.

Potential competitors

Amazon: The global giant obtained a freight forwarder license through its Chinese branch in January 2017. According to Flexport Amazon wants to take control of their entire supply chain. Some are also speculating that Amazon might start selling freight space to Amazon sellers. This would be a major threat to AMZ Transport's business model. However, this would likely be too big conflict of interest because Amazon act as both a seller on Amazon and a facilitator for Amazon sellers. If Amazon were to transport all goods, they would get access to the suppliers of thirdparty sellers on Amazon, which might lead sellers to turn away from selling on Amazon.

6.3 Market readiness of technology

The aviation business has been online for over 20 years while the freight industry has been offline until just recently. The last couple of years the industry has become increasingly more

transparent. The technology of AMZ Transport is similar to that of travel fare aggregators such as Momondo and Skyscanner, proving the viability of the technology. Furthermore Freightos, which is a generalist freight rate aggregator, have proved the viability of the technology with by its increasing popularity(appendix 4). The platforms sell side seem more reluctant to adopt the change as they are benefiting from the current market environment.

7 Projected Income Statement

The chart below shows the projected income for the next 12 months.

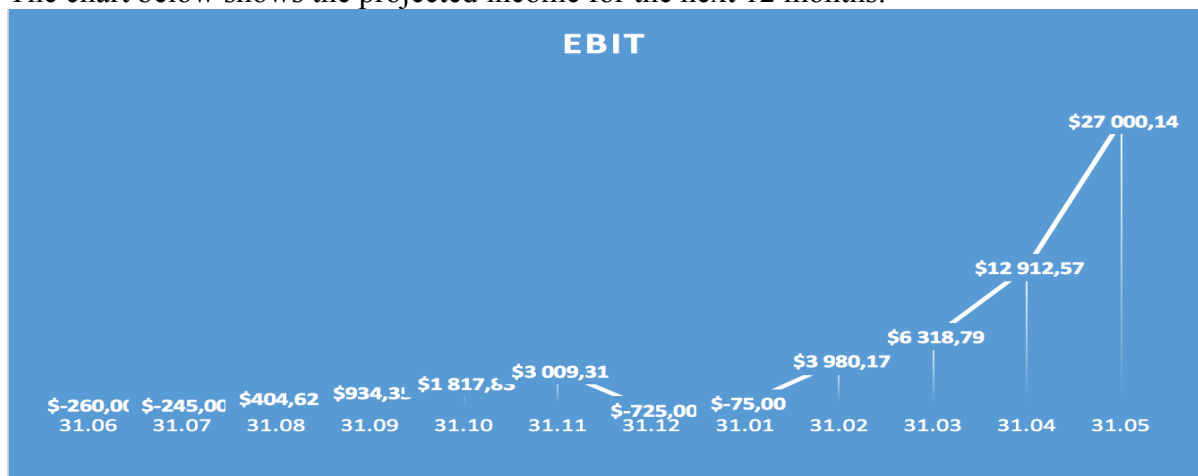


Figure 3

8 Reference List

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Appendix

Appendix 1: Business Model Canvas

Company Infrastructure		Customer Value		
Key Partners	Key Activities	Value Proposition	Customer Relationship	Customer Segments
- Software Developers	<ul style="list-style-type: none">- Marketing- Web Design- Software Development- Analyze user behaviour- Create Partnerships with Influencers	<ul style="list-style-type: none">- Instant Quoting- Price Comparison- Amazon specialized FF- FF Comparison- Easy Freight booking- Free Content & Guidance	<ul style="list-style-type: none">- Social Media- Live Chat Support- Referral Program- Social Currency- Affiliate Program- Email	<ul style="list-style-type: none">- Amazon FBA Sellers
	Key Resources <ul style="list-style-type: none">- Web App- Streak CRM- Google Analytics- Chatra Plugin	<ul style="list-style-type: none">- Passive Marketing- Easy way to get clients- Increased revenue potential- Zero upfront investment	Channels	<ul style="list-style-type: none">- Freight Forwarders
Cost Structure <ul style="list-style-type: none">- Continuous Software development- CRM System- Domain and hosting- Advertising- Customer Support		Revenue Structure <ul style="list-style-type: none">- Freight Commission- Insurance Commission- Product Inspection Commission- Labelling Commission- Affiliate Network		

Appendix 2: Online Survey Results

Question 1: Are you an FBA seller?

Question 2: Do you import your products?

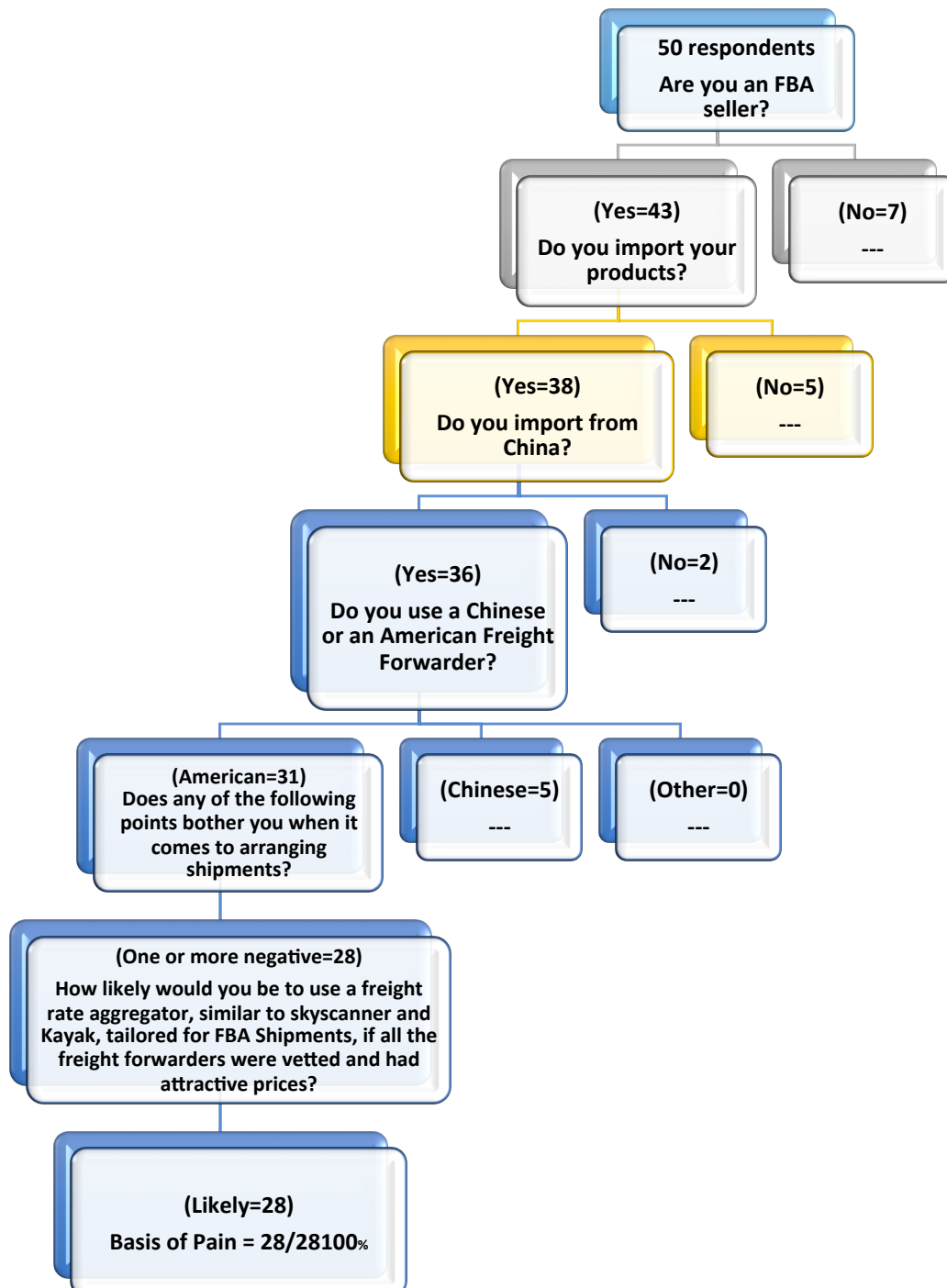
Question 3: Do you import from China?

Question 4: Do you ship with a Freight Forwarder located in:

Question 5: Does any of the following points bother you at all when it comes to your shipment arrangements?

Question 6: How likely is it that you would consider using a freight rate aggregator, similar to skyscanner and kayak, tailored for Amazon sellers, if all the freight forwarders were thoroughly vetted?

Appendix 3: Online survey results:



Appendix 4: Market Potential

Freightos

Alexa Traffic Ranks

How is this site ranked relative to other sites?



Global Rank ?

183,230 ▲ 83,582

Rank in United States ?

64,252

Flexport

Alexa Traffic Ranks

How is this site ranked relative to other sites?



Global Rank ?

65,479 ▲ 6,321

Rank in United States ?

17,081

Appendix 5: Business model comparison

Business Model				
	Bidding Model	Instant Quote	Traditional	AMZ Transport
Service	FFs bid on shipments	Instant quote upon search	Traditional Freight Forwarder with Amazon domain knowledge	Instant quote upon search
Revenue Model	Freight Forwarder pays for each bid, similar to Zaask	Commission on transactions	Margin added to costs	Commission on transaction
Weakness	<ul style="list-style-type: none"> - Time to Receive Quote - Difficult to assess Freight Forwarder's familiarity with Amazon's TOS - Costly for Freight Forwarders - Smaller shipment might get ignored 	<ul style="list-style-type: none"> - Profit directly correlated with cost of one of both customer segments - Difficult to assess Freight Forwarder's familiarity with Amazon's TOS - Requires active Freight Forwarders 	<ul style="list-style-type: none"> - Time to receive quote - Difficult to get objective Freight Forwarder assessment - Middle stop in the US before Amazon delivery - 	<ul style="list-style-type: none"> - Profit directly correlated with cost/profit of both customer segments
Strength	<ul style="list-style-type: none"> - Revenue not correlated to cost of each of the customer segments - Does not require active Freight Forwarders 	<ul style="list-style-type: none"> - Immediate price comparison - Free for Freight Forwarders 	<ul style="list-style-type: none"> - Domain knowledge 	<ul style="list-style-type: none"> - Domain knowledge - Immediate price comparison - Freight Forwarder reviews - Free for Freight Forwarders

Appendix 6: Freight Margin and Freight Load Estimate

Mode of Transportation	FBA Freightos	FBA Forward	AMZ Transit	FBA Transport purchase price	Min Price	Potential margin
188Kg by air from Shenzhen to Amazon dallas texas	\$1165.6	\$1282	\$1466.4	\$883.6	\$1282	\$398.4
10.7cbm by sea from shenzhen to Amazon dallas texas	\$2418.2	\$2,535.90	\$3659.4	\$1498	\$2418.2	\$920.2

Client Name	Mode of Transportation	Volume(CBM)	Weight(KG)
Kevin	sea	2.8	
Ivan	Air		216
Iulian	Air		50
Aisha	sea	4.8	
Nikki	sea	4.2	
Scott	sea	31	
Ramzey	Air		117
Kevin	Air		280
Khadija	Air		250
Carolina	Air		120
Su	Air		254
Osaze	Air		220
Nick	Sea	10.7	
	Average	10.7	188.4
	Share of sea & air shipments	38.5%	61.5%

Appendix 7: Marketing Experiment Sheet

Experiment Sheet	
We believe that	
Hypothesis	
To verify that we will	
Experiment	
And Measure	
Metric X	
We are right if	
X meets a certain criteria, or not	
Results	Next steps
Keep Hyptheseis, or reject	Improve something ZY

Appendix: 8

Key Development risk and external dependencies prevention			
	Key risks	Prevention Measures	How AMZ Transport will respond
	Personnel requirement increases rapidly due to rapid expansion	Continuously automate repetitive processes. Have small scale experiment driven marketing campaigns before marketing full scale.	Involve friends and family members that have shown interest in the business as a temporary solution. If the traffic remains, permanent hiring solution
	Business environment changes	N/A	The founder is continuously aware of the trends among competitors, industry, finances etc. and can plan upcoming steps in advance. The business model is designed as flexible as possible.
	Competitors steals freight forwarders from the platform	Abbreviations instead of full firm names. Hiding Freight Forwarders will not pay-off in the long run. Will therefore focus on having better pain relievers for FBA sellers	AMZ Transport will continue to focus on developing its services to cater the needs of Amazon sellers n best possible way.
	Competitors take advantage of new technology	AMZ Transport aims to be more than a software company. The vision of the company should ring through all content and communication with clients	AMZ Transport will evaluate the added benefits and pains related to the new technology and adapt accordingly.
	Clients pay freight forwarders Outside the Platform	Abbreviations instead of full firm names. AMZ Transport will additionally constantly seek to improve the booking process.	Send a warning letter to the Freight Forwarder involved. 3 warnings will lead to suspension from the platform for one full year.
	Bug on platform	All changes on the website will be tested thoroughly in development mode.	Webpage becomes a landing page. An email notification sent out to the founder and several software engineers in AMZ Transport's network.
	Amazon force sellers to use their freight forwarding services	AMZ Transport will seek to diversify its business model from day one. Implementations of instant quotes to markets different from Amazon will be implemented independently of Amazon's actions.	Immediate pivot and rerouting of domain to a general freight search engine.
	Government makes new taxes or increases existing tax rates that will decrease company’s profit	The founder will stay on top of upcoming national trends and changes in politics / economics.	The company does not own any physical assets, and will move the company HQ to another country if the tax increase is severe.
	Payment frauds	Dialogue with payment gateway providers. Vetting of all Freight Forwarders.	Submit a police report to the suspect's local police authorities.
	Unexpected large investment is needed in a short period of time	Planning of all financial activities and possible risks	Bank loan. If not eligible, crowdfunding and sale of equity will be considered

Appendix 9: Financial Projections:

AMZ Transport - Income Statement																									
Number of shipments		0		0		4		7		12		21		0		0		25		42		85		170	
In USD		FY 2017E		FY 2017F		FY 2017E		FY 2017F		FY 2017E		FY 2017F		FY 2017E		FY 2018F		FY 2018F		FY 2018F		FY 2018F		FY 2018F	
12 Months Ending		31.06		31.07		31.08		31.09		31.10		31.11		31.12		31.01		31.02		31.03		31.04		31.05	
Operating Revenue																									
Sea Freight		\$ -		\$ -		\$ 372.40		\$ 633.08		\$ 1 139.55		\$ 1 937.24		\$ -		\$ -		\$ 2 324.69		\$ 3 951.97		\$ 7 903.94		\$ 15 807.87	
Air Freight		\$ -		\$ -		\$ 143.37		\$ 243.73		\$ 438.71		\$ 745.80		\$ -		\$ -		\$ 894.97		\$ 1 521.44		\$ 3 042.88		\$ 6 085.76	
Inspection		\$ -		\$ -		\$ 133.85		\$ 227.54		\$ 409.57		\$ 696.26		\$ -		\$ -		\$ 835.52		\$ 1 420.38		\$ 2 840.75		\$ 5 681.50	
Labeling & prep		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
Total Operating Revenue		\$ -		\$ -		\$ 649.62		\$ 1 104.35		\$ 1 987.83		\$ 3 379.31		\$ -		\$ -		\$ 4 055.17		\$ 6 893.79		\$ 13 787.57		\$ 27 575.14	
growth rate								70 %				70 %		0 %		0 %		20 %		70 %		100 %		100 %	
Operating Expenses																									
Web Hosting		\$ 5.00		\$ 5.00		\$ 5.00		\$ 5.00		\$ 5.00		\$ 5.00		\$ 10.00		\$ 10.00		\$ 10.00		\$ 10.00		\$ 10.00		\$ 10.00	
Domain		\$ 15.00																							
Software development		\$ 100.00		\$ 100.00		\$ 100.00							\$ 350.00				\$ 25.00		\$ 25.00		\$ 25.00		\$ 300.00		
CRM System - Sales Force		\$ -		\$ -		\$ -		\$ 25.00		\$ 25.00		\$ 25.00		\$ 25.00		\$ 25.00		\$ 25.00		\$ 25.00		\$ 25.00		\$ 25.00	
Hojar subscription																									
Marketing Experiments				\$ 100.00		\$ 100.00		\$ 100.00		\$ 100.00		\$ 300.00		\$ 300.00						\$ 500.00		\$ 500.00		\$ 500.00	
Commercials		\$ 100.00																							
General, administrative and other		\$ 40.00		\$ 40.00		\$ 40.00		\$ 40.00		\$ 40.00		\$ 40.00		\$ 40.00		\$ 40.00		\$ 40.00		\$ 40.00		\$ 40.00		\$ 40.00	
Total Operating Expenses		\$ 260.00		\$ 245.00		\$ 245.00		\$ 170.00		\$ 170.00		\$ 370.00		\$ 725.00		\$ 75.00		\$ 75.00		\$ 575.00		\$ 875.00		\$ 575.00	
growth rate																									
EBIT		\$ -260.00		\$ -245.00		\$ 404.62		\$ 934.35		\$ 1 817.83		\$ 3 009.31		\$ -725.00		\$ -75.00		\$ 3 980.17		\$ 6 318.79		\$ 12 912.57		\$ 27 000.14	
Taxable Income																									
Total Income Tax		\$ -		\$ -		\$ 97.11		\$ 224.24		\$ 436.28		\$ 722.23		\$ -		\$ -		\$ 955.24		\$ 1 516.51		\$ 3 099.02		\$ 6 480.03	
Net Profit		\$ -		\$ -		\$ 307.51		\$ 710.10		\$ 1 381.55		\$ 2 287.07		\$ -725.00		\$ -75.00		\$ 3 024.93		\$ 4 802.28		\$ 9 813.55		\$ 20 520.11	